



## SUPPORT TO AGRICULTURAL REVITALIZATION AND TRANSFORMATION



## CALL FOR PROPOSALS

## Support to Agricultural Revitalization and Transformation (START) Funding Facility for Small and Medium Agribusinesses in Northern Uganda

## Background

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how **localized investments** — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

UNCDF in partnership with the European Union under the 11th EDF and the Government of Uganda under the Office of the Prime Minister is implementing a four year Programme referred to as the Development Initiative for Northern Uganda (DINU). The general objective of the Programme is to consolidate stability in Northern Uganda, eradicate poverty and under-nutrition and strengthen the foundations for sustainable and inclusive socio-economic development. The programme will benefit 33 districts in Northern Uganda with a total population of 7 million. With respect to this call, UNCDF is focusing on improving access to finance for SMEs engaged in agricultural value addition through a dedicated facility for business development services and blended finance.

## Support to Agricultural Revitalization and Transformation (START) Funding Facility

The START funding facility is designed to support the implementation of DINU food security and nutrition component. The Facility is intended to offer access to affordable medium-term finance for agricultural value adding projects in Northern Uganda through provision of Business Development Services and seed capital in the form of concessional loans, grants and partial guarantees. START is structured as a blended facility providing a customized mix of Business Development Services, project development and structuring services, and financial products. These three lines of business are managed by the three participating institutions PSFU, UNCDF and UDBL respectively.

## Call for Proposals

With this Call for Proposals, **START** is inviting proposals for **commercially**

**viable** investment projects focused on agro-processing / value addition e.g. processing plants, storage facilities and any other agricultural value addition projects.

Priority will be given to projects that contribute to economic empowerment of women and youth as well as to projects that aim at reducing environmental risks and ecological scarcities.

## Services offered by the START Facility to project developers

- Business Development Services
  - o Support in development of grant/concessional loan applications, Legal support, Technical and management training.
- Project preparation and development services
  - o Targeted technical project development and financing support to project developers (e.g. enhance project documentation, due diligence and financial structuring).
  - o Preparation of project investment documents in the format acceptable to commercial banks and investors.
  - o Provision of capital grants, credit enhancements/guarantees.
  - o Provision of business development services grants
- Financial services - link developers to financial institutions and investors
  - o Preparation and issuance of term sheets & loan agreements.
  - o Issuance and administration of concessional loans.
  - o Leveraging funds from other commercial and development finance institutions.
  - o Monitoring and management of concessional loan servicing and repayments.

## Eligible geographical coverage of START

The geographic coverage for START is aligned with the geographic coverage of DINU and comprises 33 districts in Northern Uganda as indicated below. START will support development and financing of capital-intensive agricultural projects promoted by small and medium businesses that add value in storage and processing of agricultural produce. START will take into account the impact of the complementary activities for food production and commercial agriculture.

## The 33 eligible districts for the START Facility

| Region    | Districts covered  |
|-----------|--|
| Karamoja  | Abim, Amudat, Kaabong, Kotido, Moroto, Nakapiripit, Napak  |
| Acholi    | Agago, Amuru, Gulu, Kitgum, Lamwo, Nwoya, Omoro, Pader     |
| Lango     | Alebtong, Amolatar, Apac, Dokolo, Kole, Lira, Otuke, Oyam  |
| Teso      | Amuria, Katakwi  |
| West Nile | Adjumani, Arua, Koboko, Maracha, Moyo, Nebbi, Yumbe, Zombo |

## Eligibility criteria

| Dimension                            | Criteria  |
|--------------------------------------|---|
| <b>Size of financing requirement</b> | The financing requirement is defined as the total projected sum of money, in addition to the owner's equity and other funds already available, required to execute a project. <ul style="list-style-type: none"> <li>• Small investment window to cover the financing requirement from €10,000 to €50,000 (approximately from USh40 million to USh200 million).</li> <li>• Medium investment window to cover the financing requirement above €50,000 to a maximum of €100,000 (approximately from USh200 million to USh400 million).</li> </ul>   |
| <b>Sector</b>                        | <ul style="list-style-type: none"> <li>• Value addition in storage and processing of agricultural produce (including handling and packaging) and will take into account the impact of the complementary activities for food production and commercial agriculture.</li> <li>• Priority will be given to the following value chains: cassava, coffee, soya, sesame, sorghum, rice, apiary, vegetables, groundnuts and livestock.</li> <li>• Does not engage in any of the ineligible sectors, such as manufacture, sale or distribution of alcohol, tobacco or tobacco products as well as manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES.</li> <li>• Greenfield projects (Startup businesses) or brownfield projects (existing businesses targeting scale-up)</li> </ul> |
| <b>Project developer</b>             | <ul style="list-style-type: none"> <li>• A legal person, an agribusiness entity registered in Uganda under the Companies Act, a cooperative formed under the Cooperative Societies Act, trade association or similar business representative organization legally established in Uganda.</li> <li>• Can provide, either from its own resources or in combination with other shareholders, equity equal to at least 25% of the total cost of the project.</li> <li>• Have demonstrable/verifiable ownership of title or right of beneficial use of assets on which the project will be carried out.</li> </ul>   |
| <b>Technology employed</b>           | <ul style="list-style-type: none"> <li>• Post-harvest handling equipment/technology.</li> <li>• New quality control equipment.</li> <li>• Small-scale irrigation systems.</li> <li>• Mobile primary processing and packaging equipment.</li> <li>• Secondary processing and packaging equipment.</li> <li>• Upgrade or improvement of the existing old processing technologies (machinery and equipment).</li> <li>• Design, fabrication and production of packaging machinery.</li> <li>• Technologies for effective storage chains, including mobile storage units, combined drying/storage systems.</li> <li>• Effective cold chain management systems.</li> <li>• Application of solar and other types of green energy to handling, processing and storage.</li> <li>• Application of digital technologies to handling, processing and storage.</li> </ul>            |
| <b>Economic and social impact</b>    | <ul style="list-style-type: none"> <li>• Proposal must show how the project will generate benefits to the communities affected in terms of development of the local food supply chain, local economic and transformative impact e.g. job creation, empowerment of disadvantaged groups including women, youth and rural populations, trade and market access for agricultural produce, improved climate resilience, etc.</li> </ul>   |
| <b>Commercial viability</b>          | <ul style="list-style-type: none"> <li>• The investment proposal must show how the project will generate revenue and make profits. Applications should therefore be supported by a detailed description of the cost and revenue streams associated with the project.</li> </ul>   |
| <b>Project status</b>                | <ul style="list-style-type: none"> <li>• Project development activities must have passed a pre-feasibility stage beyond a concept note, i.e. proposals should include as a minimum an initial feasibility study (i.e. economic and technical feasibility where necessary) and all initial compliance steps (e.g. incorporation, licenses, permits, land titles, environmental certificates where necessary, etc.)</li> </ul>  |
| <b>Qualified management</b>          | <ul style="list-style-type: none"> <li>• The proposal shall show evidence that the proposed management team has the necessary technical and managerial skills.</li> </ul>   |
| <b>Compliance</b>                    | <ul style="list-style-type: none"> <li>• Compliance with Ugandan laws and regulations and <b>UNCDF/UNDP Environmental &amp; Social Performance Standards</b> including human rights is a must.</li> </ul>   |

## Before you submit

Private Sector Foundation of Uganda along with START Facility partners will hold call for proposals pre-submission consultation and instruction session in the Northern Uganda cluster regions as per the schedule below. The purpose is to allow project developers an opportunity to raise questions and for START partners to provide guidance on how to prepare proposals to increase the probability of meeting the eligibility and selection criteria. Further communication on the consultations will be communicated through local/district leadership and media announcements.

## Planned sensitisation workshops on the call for proposals

| No. | Location | Venue               | Date          | Time             |
|-----|----------|---------------------|---------------|------------------|
| 1   | Gulu     | Acholi Inn          | June 14, 2018 | 9.00 am – 4.00pm |
| 2   | Lira     | Lira Hotel          | June 21, 2018 | 9.00 am – 4.00pm |
| 3   | Arua     | Desert Breeze Hotel | July 05, 2018 | 9.00 am – 4.00pm |
| 4   | Soroti   | Soroti Hotel        | July 19, 2018 | 9.00 am – 4.00pm |

Please note that you are not required to participate in the session in order to submit a proposal. This is merely a service provided by the START facility team.

## Instructions for submitting proposals

Only properly completed submissions will be reviewed. A complete submission consists of the following submission form where the applicant must fill out all sections:

1. The Call for Proposal **Submission Form (Word)** which can be downloaded at [www.psfuganda.org.ug](http://www.psfuganda.org.ug)

Any supporting documentation must be submitted in separate documents. The word submission form must be submitted in their original formats (Word) along with any supporting documentation to the following recipient: [cfpstart@psfuganda.org.ug](mailto:cfpstart@psfuganda.org.ug) with the subject line "START APPLICATION". Only one application per entity and per proposal will be accepted.

## IMPORTANT NOTICE

1. **Language of proposal:** Proposals must be submitted in English
2. **Deadline for submission:** The deadline for submission of the investment proposals is **31<sup>st</sup> July 2018**.
3. **Please note:** Applicants who do not submit the word submission

template in its original format within the deadline will not be considered, and successful applicants will be contacted after the deadline.

4. **Successful longlisting:**

START will endeavour to inform Successful and Unsuccessful applicants for the longlisting by **31<sup>st</sup> August 2018**. Those applicants who will not have been contacted by then should consider their proposals unsuccessful.

5. **Inquiries:** For additional inquiring about the application process please send your inquiry to: [cfpstart@psfuganda.org.ug](mailto:cfpstart@psfuganda.org.ug) with the subject "INQUIRY".

6. **Acknowledgement of receipt:** START will acknowledge receipt of your email by replying to the email address from which the application was sent.

Thank you,  
START Management Team